

# Contingency Contracting — A Commander's Logistics Force Multiplier

by Major John Shannon Womack

What do the National Training Center, Kuwait, Bosnia, Kosovo, Qatar, and Saudi Arabia all have in common? In each of these diverse locations, contractors are providing vital support to U.S. soldiers as they conduct training and execute contingency operations. In today's operational environment, contracted support is an integral part of day-to-day operations during deployments. Commanders can expect that contracted support will be key to their success during training and contingency deployments.

Commanders and their staffs play a key role in determining the quality and timeliness of the contingency contracting support they receive. To ensure adequate contingency contracting support, commanders and their staffs need to have a good working knowledge of how contingency contracting works, their role in obtaining contracting support, and how to integrate this support into their overall scheme of support. This article provides a doctrinal view of contingency contracting for brigade and task force commanders and staffs.

## New Doctrinal References

*FM 100-5* states "doctrine is the statement of how America's Army... intends to conduct war and operations other than war."<sup>1</sup> *Field Manual 100-10-2, Contracting Support on the Battlefield*, published in August 1999, describes the Army's doctrine for contingency contracting. This new manual was written as a user's manual for units being supported by contingency contracting. It provides a doctrinal overview of contracting support for deployed forces, then goes into detail on how units should plan for contracting support, obtain contracting support, and lists supported unit responsibilities in the contracting process.

## Terms and Definitions

Before getting to the process of contingency contracting, it is important to have a common understanding of key terms. *FM 100-10-2* defines *acquisition* as the process by which the Army obtains the materiel and services required to accomplish its mission.<sup>2</sup> Deployed

commanders can acquire resources through several sources: the Army's supply system, host nation support, the unit IMPAC credit card, and contingency contracting. The Government Contracts Reference Book defines *contracting* as purchasing, renting, leasing, or otherwise obtaining supplies or services from non-Federal sources.<sup>3</sup> *FM 100-10-2* defines *contingency contracting* as the process by which essential supplies and services needed to sustain deployed forces are obtained on behalf of the U.S. Government.<sup>4</sup> Contingency contracting is a subset of acquisition. It is intended to supplement organic combat service support (CSS) capabilities.

Contingency contracting officers provide contingency contracting support to deployed forces. *FM 100-10-2* defines the contingency contracting officer as an official with the legal authority to enter into, administer and/or terminate contracts.<sup>5</sup> Contingency contracting officers operate primarily under Title 48 of the Code of Federal Regulations, also known as the Federal Acquisition Regulation or FAR, the Defense FAR Supplement (DFARS), and the Army FAR Supplement (AFARS). These regulations require contingency contracting officers to operate in accordance with federal law and regulations when conducting contingency contracting.

## The Contingency Contracting Officer

Contingency Contracting Officers (CCOs) deploy to support soldiers. Normally they are among the first soldiers to deploy into an area of operations and the last to leave. This is critical since the contingency contracting officer is needed to support advance parties, as well as put contracts in place to receive and support the influx of troops and equipment as the main body arrives. After operations terminate and the bulk of soldiers depart the area of operations, the CCO remains behind to close contracts and ensure vendors are paid.

Contingency contracting officers are normally assigned to divisions and corps. However, by doctrine, when a CCO deploys to an area of operations,

he falls under the control of the area Principal Assistant Responsible for Contracting (PARC) and augments the local contracting office or establishes a contracting office to provide support to deploying forces. The local director of contracting will provide the CCO with required legal and administrative support if there is a local contracting office established.

The CCO's authority to contract follows a different line of authority from the traditional chain of command. The chain of command normally flows from the Unified Commander to the Army Service Component Commander and ultimately to the Task Force Commander. The authority to obligate the government through contracts flows from the Secretary of the Army to the Head of Contracting Activity, to the theater Principal Assistant Responsible for Contracting, to the contingency contracting officer. Before the deployed contingency contracting officer can begin writing contracts and obligating the government, the theater PARC must issue the contingency contracting officer a warrant to contract in the PARC's area of operations. Home station warrants are normally not valid in overseas areas of operations.

## The Key to Successful Contingency Contracting Support

The key to successful contracting support begins with unit key leader training at home station before deployment. Key leaders need to have a good understanding of the contingency contracting process, know how to write statements of work, obtain sources of funding, and what contingency contracting can and can't legally provide. Like any other Army process, good contingency contracting requires thorough prior planning. As much as possible, before units deploy, they need to identify their requirements and plan for how they will acquire them once in the area of operations, either through the Army supply system, host nation support, unit IMPAC credit cards, or contingency contracting. This plan becomes the acquisition support plan and

should be an annex to the deployment operations order.

*FM 101-5, Staff Organization and Operations*, provides a sample outline for a service support annex to an operations order.<sup>6</sup> This sample annex doesn't specifically address contingency contracting support. However, many of the materiel and services listed in the annex may be provided by contract support. Under each materiel and service, the service support annex drafter can note if that materiel or service will be provided by contract support. The service support annex is also a good place in the operations order to detail the process specific to that mission for obtaining contract support. Going into this kind of detail in the planning stage of the operation causes the supporters to address such questions as what is available through contract support, what is the process for obtaining such support, and what is the process for obtaining approval and funding for the support.

The annex can also list information on what support the unit intends to acquire through unit IMPAC credit cards and the process for making those purchases.

### The Contracting Process

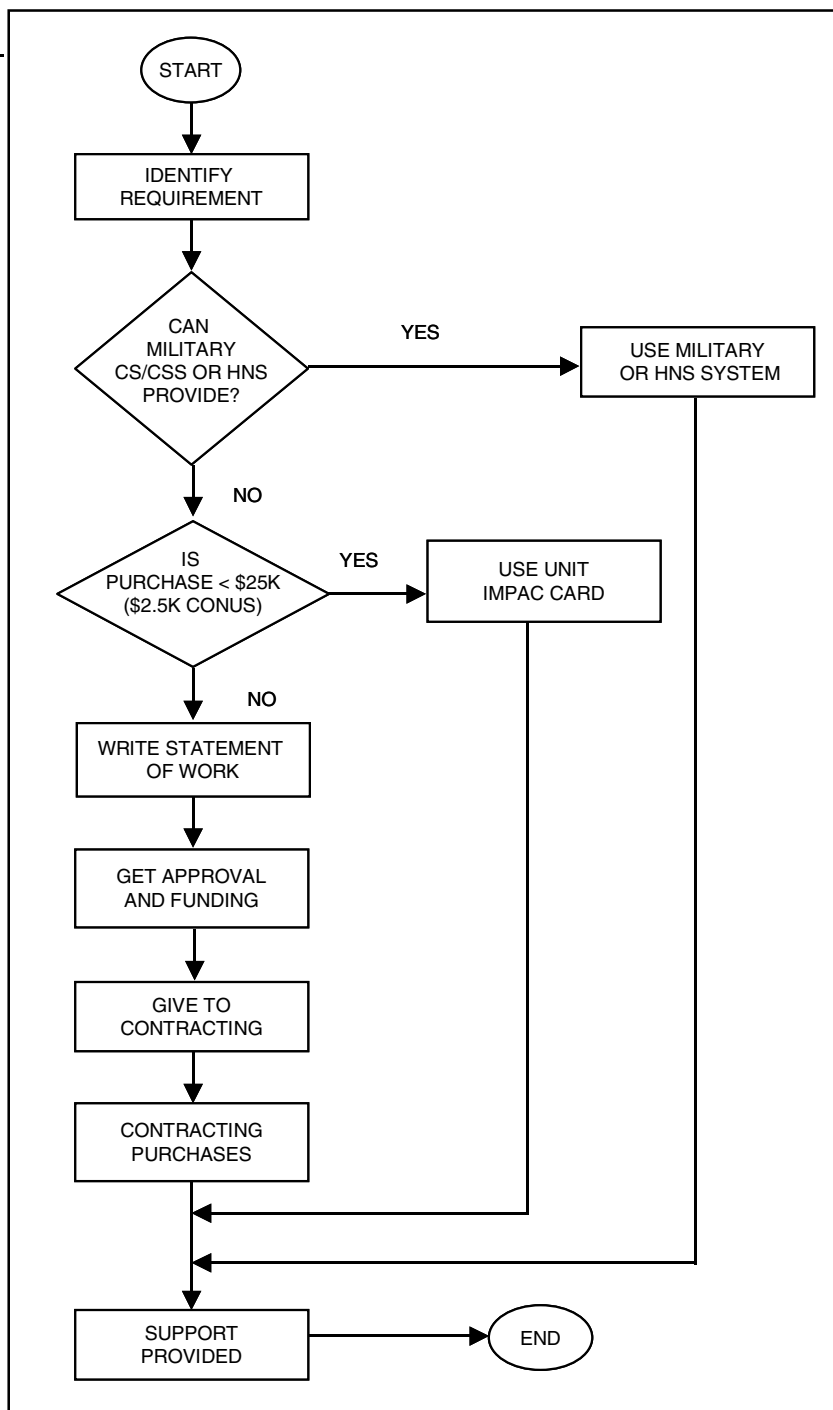
The flow chart at right depicts the contracting process as it applies at the brigade and task force level. The acquisition process begins when the unit (the requiring activity) identifies a need for support services or supplies (the requirement). At the brigade or task force level, the S4 is the key unit player in the acquisition process and is usually responsible for managing the requirement determination process. The S4 determines if the unit can receive the requirement through Army supply channels or through host nation support (HNS), in the required quantity and quality, in the available amount of time. If the requirement is available through traditional Army supply channels or through host nation support, the S4 places a requisition and receives the needed supply or service.

If the requirement isn't available through either of these sources, the S4 determines the projected cost of the requirement. If the unit is deployed outside the continental United States and the supply or service is available from a commercial source also outside the continental United States for under \$25,000, a unit IMPAC cardholder should make the purchase.<sup>7</sup> If the unit is located inside the Continental United States or the requirement must be purchased from a vendor located within

the Continental United States, this limit drops to \$2,500. If the S4 determines that the requirement can't be filled for less than \$25,000 (\$2,500 CONUS), the unit must initiate the formal contracting process.

The unit initiates the formal contracting process by writing a detailed statement of work, obtaining a cost estimate, and completing a purchase request (PR&C, usually a DA Form 3953) for the estimated cost of the requirement. The statement of work provides a description of the requirement

through specifications, quantities needed, dates, and delivery location. The statement of work can be as simple as a statement of how many units of a particular item a unit needs, when it needs them, and where to find detailed engineering drawings or detailed descriptions of services. If the statement of work is brief, the requiring activity can write the statement of work on the purchase request or attach the statement of work to the purchase request. The key is that the statement of work provides enough detail for the contracting officer to purchase what the unit needs.



The cost estimate is an independent government estimate of the expected cost of obtaining the requirement. The cost estimate determines the amount of money requested on the PR&C. Units can get price estimates by surveying the local market or using prices from recent purchases of similar requirements. The local contracting office is a good place to visit for price estimate information and information on the local market.

The purchase request serves as the vehicle for approval and funding. A good purchase request provides important information for the person making the purchase. The purchase request should have the name and signature of the person in the unit authorized to approve purchase requests, the name and phone number or location of the unit's point of contact for the requirement, and the amount of funds the unit is requesting for the purchase. The unit gets the purchase request approved by the person authorized to make final approval for purchases in the area of operations. Usually this process also includes routing the PR&C by the local property book officer to ensure that non-expendable items are recorded on the unit's property book during the receiving process. Finally, the requesting activity gets funds certified through the designated resource management or comptroller office. It is the requiring activity's responsibility to provide a statement of work, the cost estimate, and the approved purchase request with certified funds to the contracting officer.

### **Funding**

Resource managers can provide funding for individual purchases on individual PR&Cs or they can provide *bulk funds*. Individual PR&Cs can be used to fund individual IMPAC card purchases under \$25,000 as well as formal contracts. On the other hand, bulk funds provide authorization for IMPAC card holders or contracting officers to make multiple purchases against a specified fund cite without going through the PR&C process for each purchase.<sup>8</sup>

When contingency contracting officers deploy to prepare for arrival of main body forces, it is critical to the success of the mission that they receive bulk funding authority prior to their deployment to cover all contracting requirements for the first 30 days.<sup>9</sup>

### **Contracting Officer Purchases the Requirement**

After the contracting officer receives the statement of work and funded pur-

chase request, he or she will purchase the supply or service. In a mature environment, the CCO may purchase the item locally through an existing agreement with a local vendor or by initiating a new contract (purchase order). If there is a stable banking system, an Army finance office will make payment electronically to the vendor's bank. In an undeveloped environment, where there may be no local banking system or stable currency, the CCO may make the purchase using a Standard Form 44 as the contracting document and pay the vendor with cash through a Class A agent.

In an environment such as Somalia in '92/'93, where there is no local infrastructure and nothing available for purchase, the CCO may purchase supplies and equipment from neighboring countries and have them shipped into the local area of operations. The CCO can also purchase supplies and services from vendors in the U.S. either by phone, fax, or Internet.

### **Additional Players in Contingency Contracting**

In a large-scale deployment, contingency contracting officers cannot personally make all the purchases for the deployed units they support. Currently, divisions are assigned at most, two contingency contracting officers. Desert Shield/Storm, Restore Hope, and Operation Joint Guard showed that it takes approximately ten contingency contracting officers to adequately support a division-size unit of approximately 15,000 soldiers. Even after augmenting contingency contracting offices with CCOs from corps and undeployed organizations, there is a contracting capability shortfall. This shortfall is offset by the use of field ordering officers (FOOs) and contracting officer's representatives (CORs) supplied by supported units.

Field ordering officers are trained by contracting officers, and appointed in writing by the chief of the local contracting office. They make purchases against a specific fund set up by the CCO. FOOs are supplied by the supported unit and usually are appointed for a particular type of supply. An example is a mess NCO appointed as a FOO to order certain types of food items for a mess hall.

Contracting officers can't be everywhere at once and are not experts on each of the many types of supplies and services they purchase. For these two

reasons, CCOs appoint contracting officer's representatives. CORs come from the supported unit, usually are very knowledgeable on the supply or service they're appointed for, and act as the eyes and ears of the contracting officer. CORs ensure the contracted supplies and services are delivered on time, to the right location, in the right quantity and quality. They fill-out receiving reports and notify the contracting officer if something is wrong with a delivery or service. The specific responsibilities and limitations of the COR's authority is specifically spelled out in their appointment orders from the CCO.

If a unit finds itself in an area that lacks a solid banking infrastructure where vendors will only accept cash payment, the CCO may require the use of a Class A agent. The Class A agent may come from the supported unit, is usually armed, carries large amounts of cash, and pays vendors for supplies and services purchased by the CCO. CCOs cannot act as Class A agents and they should not act as receiving agents for supplies or services for which they contract.

### **IMPAC Credit Cards**

During a contingency deployment, unit IMPAC credit cardholders are a critical resource for acquiring supplies and services for the deployed unit. Cardholders can make purchases quickly and by involving the end-user, cardholders ensure that the right item or service is purchased. Recently, the Department of Defense enacted Defense Federal Acquisition Regulation Subpart 213.301. This DFAR revision raises the micro-purchase threshold (the limit for IMPAC cardholders to make simple over-the-counter purchases) from \$2,500 to \$25,000 for commercial purchases made outside the U.S. for supplies or services to be used outside the U.S. The majority of task force level requirements fall under the \$25,000 micro-purchase limit.

In addition to speeding up the acquisition process, use of the IMPAC card also saves the Army money. The Army Audit Agency has found that the Army saves an average of \$92 per purchase in processing costs when a unit uses an IMPAC card rather than having a contracting officer execute a purchase order.

Deploying units can assign deploying personnel additional duties as card-

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holders and certifying officials and use their IMPAC cards for support overseas. Area contracting offices can assist IMPAC cardholders by providing vendor lists and information on prices within the contracting area. Contingency contracting personnel will provide IMPAC cardholders with whatever information they need to be able to support themselves. They will also provide IMPAC cardholders with tips for purchasing in the local area.

### Logistics Force Multiplier

Commanders and staffs that have a good working knowledge of contingency contracting, their role in contingency contracting, and how to integrate contingency contracting into their scheme of support will find that it is an efficient, effective, and responsive tool for obtaining support. By following the simple guidelines in this article and

becoming familiar with *FM 100-10-2*, commanders will greatly influence the quality and timeliness of the contingency contracting support they receive.

### Notes

<sup>1</sup>*FM 100-5, Operations*, p. 1-1.

<sup>2</sup>*FM 100-10-2, Contracting Support on the Battlefield*, p. 1-3.

<sup>3</sup>Ralph C. Nash, Jr. and Steven L. Schooner, *The Government Contracts Reference Book*, (Washington, D.C.: George Washington University, 1992) p. 95.

<sup>4</sup>*FM 100-10-2*, p. 1-2.

<sup>5</sup>*FM 100-10-2*, p. 1-3.

<sup>6</sup>*FM 101-5, Staff Organization and Operations*, p. H-53.

<sup>7</sup>Defense Federal Acquisition Regulation (DFAR) 213.301- Government wide commercial purchase card (Revised October 21, 1999).

<sup>8</sup>Nash, *The Government Contracts Reference Book*, p. 58.

<sup>9</sup>Brigadier General William L. Bond and Major Anthony L. Castrinos, "Contingency Contracting: Strengthening the Tail," *Army Logistician*, May-June, 1999, p. 6.

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